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July 1, 2024

**VIA ELECTRONIC FILING**

Adam J. Teitzman, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: *Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC);  
Docket 20240013-EG*

Dear Mr. Teitzman:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Rebuttal Testimony of Tim Duff.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1425 should you have any questions concerning this filing.

Sincerely,

/s/ Stephanie A. Cuello

Stephanie A. Cuello

SAC/clg  
Attachments

**CERTIFICATE OF SERVICE**

*Docket No. 20240013-EG*

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 1st day of July, 2024.

/s/ Stephanie A. Cuello

Attorney

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**IN RE: COMMISSION REVIEW OF NUMERIC CONSERVATION GOALS BY**

**DUKE ENERGY FLORIDA, LLC**

**FPSC DOCKET NO. 20240013-EG**

**REBUTTAL TESTIMONY OF TIM DUFF**

**JULY 1, 2024**

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Timothy J. Duff. My business address is 525 South Tyron Street,  
4 Charlotte, NC 28201.

5

6 **Q. Have you previously filed direct testimony in this docket?**

7 A. Yes, I filed my Direct Testimony on behalf of Duke Energy Florida, LLC (“DEF”  
8 or “Duke Energy”) on April 2, 2024.

9

10 **Q. Has your employment status and job responsibilities remained the same**  
11 **since discussed in your previous testimony?**

12 A. Yes.

13

14 **II. Purpose of Testimony**

1

2 **Q. What is the purpose of your testimony?**

3 A. The purpose of my rebuttal testimony is to address the Direct Testimony of  
4 Witnesses Jeffry Pollock on behalf of the Florida Industrial Power Users Group  
5 (“FIPUG”) and Tony Georgis on behalf of White Springs Agricultural Chemicals,  
6 Inc. D/B/A PCS Phosphate-White Springs and Nucor Steel Florida, Inc. Even  
7 though each of their testimonies include analysis to support their positions,  
8 review of the basis for their recommendations and examination of the  
9 underlying assumptions reveals that their proposals are based on arbitrary,  
10 overly simplistic, and incorrect assumptions. Additionally, their  
11 recommendations are contrary to the provisions of the Florida Energy  
12 Efficiency and Conservation Act (FEECA) and Rule 25-17.0021, Florida  
13 Administrative Code. Finally, I briefly address the recommendation of Florida  
14 Rising and the League of United Latin American Citizens (LULAC) related to  
15 increasing the Company’s Recommended Goals.

16

17 **III. Rebuttal**

18 **Q. Do you agree with Witness Pollack and Witness Georgis that the**  
19 **Company’s utilization of cost effectiveness modeling results to develop**  
20 **the demand response program – Interruptible Service (IS), Curtailment**  
21 **Service (CS) and Standby Generation (SG) credits in this proceeding is**  
22 **inappropriate?**

1 A. No. I do not. In this proceeding, DEF is proposing Demand Side Management  
2 (DSM) goals, Gigawatt Hour (GWh), Summer Megawatts (MW) and Winter  
3 MW, of incremental system savings that will be the basis for the design of the  
4 energy efficiency and demand response programs to meet the goals. DEF  
5 believes that it is reasonable to develop these demand response credit levels  
6 that would maintain the same Rate Impact Measure (RIM) results for the  
7 programs that were used in 2019 to determine the goals. This approach aligns  
8 with the best practice utilized in DSM program planning to design programs that  
9 offer incentives at the lowest level necessary to move the market, thus keeping  
10 program cost (expense to all customers) at a minimum. So, despite the  
11 contentions of Witnesses Pollack and Georgis regarding the inappropriateness  
12 of using cost effectiveness screening to set credit levels, proposing the demand  
13 response credit levels that will maintain the RIM cost effectiveness is an  
14 appropriate approach to developing the Company's proposed DSM goals in  
15 this proceeding.

16

17 **Q. Witness Georgis argues that there are flaws in the DEF's cost assumption**  
18 **related to the avoided unit utilized in modeling cost effectiveness in the**  
19 **determination of the Company's DSM Goals and specifically in the**  
20 **selection of a brownfield CT as its avoided generation unit. Why is it**  
21 **appropriate for DEF to use the brownfield combustion turbine as the**  
22 **avoided unit rather than a greenfield unit?**

1 A. Based on the information received from DEF's Resource Planning and  
2 Analytics Department, the model underlying the development of the Company's  
3 Ten-Year Site Plan (TYSP) selects the most cost-effective units to fill capacity  
4 and energy needs as they arise. In this case, the model can select up to six  
5 brownfield combustion turbines (CTs) to be located at existing DEF sites. Since  
6 these CTs are assumed to be located on DEF owned land and to make use of  
7 existing DEF infrastructure, they are projected to be constructed at a lower cost  
8 than greenfield CTs, which are assumed to be constructed at a new site or  
9 sites. Because of the lower cost, the model selects the brownfield CTs first  
10 until the supply is exhausted. Thus, these CTs are used as the first avoided  
11 unit.

12  
13 **Q. How do you respond to Witness Georgis' contention that Duke has not**  
14 **appropriately recognized the historical and on-going contribution of**  
15 **existing IS and CS resources in its cost effectiveness analysis used to**  
16 **establish incremental goals proposed in this proceeding?**

17 A. This critique of DEF's cost effectiveness modeling is inaccurate. While the cost  
18 effectiveness analysis used to propose goals only reflects the incremental  
19 benefits from the new participation, the new customer costs are comprised of  
20 existing program costs plus additional startup costs associated with attracting  
21 new participants. By leveraging this approach, the existing participants are

1 appropriately considered in the cost effectiveness modeling underlying the  
2 proposed goals.

3

4 **Q. How do you respond to Witness Georgis' contention that DEF should**  
5 **not use the costs for a brownfield frame CT as its avoided unit and**  
6 **instead should be utilizing higher cost units like the Combined Cycle**  
7 **unit used by FP&L and the reciprocating engine used by TECO?**

8 A. DEF was not involved in the preparation of the other utilities' TYSP and is not  
9 in a position to comment on the selection of each utility's avoided unit that is  
10 consistent with its next proposed fossil generating unit. The DEF Resource  
11 Planning and Analytics Department is confident in the process that it used in  
12 its TYSP and the identified brownfield frame CT as its next avoided proposed  
13 fossil generating unit.

14

15 **Q. Both Witness Pollack and Witness Georgis assert that the underlying**  
16 **costs associated with avoided generation costs are too low and should**  
17 **be updated. Do you agree that the costs of avoided generation (the costs**  
18 **of a frame CT) used by the Company to assess cost effectiveness in the**  
19 **process of setting DSM Goals is too low and needs to be updated?**

20 A. No. The costs of avoided generation (a frame CT) were DEF's projected costs  
21 in the Company's TYSP at the time DEF needed to provide inputs, including  
22 costs, to Resource Innovation for the preparation of the potential studies

1 required for filing in this docket. While the Company is neither agreeing with or  
2 rejecting the avoided generation values discussed by Witnesses Georgis and  
3 Pollack associated with more recent prices for CTs, it would be erroneous to  
4 assume that the resulting avoided costs can be adjusted in a vacuum. Given  
5 all the different data provided, and underlying assumptions used by Resource  
6 Innovations and the Company to model, develop and propose the DSM Goals,  
7 it is important that the timing of the assumptions is consistent. The costs and  
8 impacts of the DSM measures and programs were developed at the same point  
9 in time as the avoided generation costs and would need to be updated as well  
10 to ensure consistency in the process and outputs.

11

12 **Q. Do you agree with Witness Pollack's contention that the capacity**  
13 **contributions associated with the non-firm loads of customers receiving**  
14 **service under IS, CS, and SG (demand response programs) should**  
15 **receive extra value for their contribution to maintaining a Reserve**  
16 **Margin?**

17 A. No. The capacity values derived from the avoided cost are multiplied by 1.2  
18 during the credit derivation process, fully valuing reserve margin in the analysis.

19

20 **Q. Do you agree with Witness Pollack and Witness Georgis that increasing**  
21 **the avoided generation costs used by DEF would increase the cost**



1 **effectiveness of DEF's demand response programs and the proposed**  
2 **credits for IS, CS and SG?**

3 A. Increasing benefits would allow for increased DSM program costs while  
4 maintaining cost effectiveness ratios. DEF does not dispute that simply  
5 increasing the cost associated with the avoided generation used in the  
6 Resource Innovation potential modeling and Company's DSM Goal setting  
7 process would increase the cost effectiveness of its demand response  
8 programs and allow for higher customer credits while maintaining the cost  
9 effectiveness results under RIM that were used in the 2019 Goal setting  
10 process. However, increasing the cost of avoided generation would impact the  
11 cost effectiveness of all energy efficiency and demand response measures and  
12 programs considered in the DSM goal setting process and hence would  
13 increase the magnitude of the proposed DSM goals.

14  
15 **Q. Do you agree with Witness Georgis' recommendation that the Company**  
16 **should not have relied on the RIM cost effectiveness results as the basis**  
17 **for modeling the credit levels for the incremental IS, CS and SG**  
18 **participation, but instead should have utilized the Total Resource Cost**  
19 **(TRC) results?**

20 A. No. I do not agree with Witness Georgis' recommendation. The utilization of  
21 the RIM test is designed to ensure that both participants and non-participants  
22 benefit from the program in the form of downward pressure on rates. By

1 continuing to use RIM cost effectiveness analysis of the demand response  
2 programs and the proposed credit levels, DEF is ensuring that the same ratio  
3 of benefit to cost is being realized between participants and non-participants  
4 that was utilized in the last goal setting proceeding. If DEF were to utilize a  
5 TRC analysis for the DR programs, as suggested, it would not be done in  
6 isolation and would need to also apply to all the Company's proposed energy  
7 efficiency and demand response programs. The result would likely increase  
8 the Company's goals and costs associated with energy efficiency programs  
9 more than demand response programs because although the two tests  
10 recognize similar benefits, the TRC test does not include lost revenues or  
11 incentives (credits) to participants as a cost to all customers like the RIM test.

12  
13 **Q. Do you agree that Witness Gregoris and Witness Pollock's contention**  
14 **that IS, CS, and SG credits should be determined in a base rate case?**

15 A. No. Under Rule 25.17.0021(1) "The Commission will initiate a proceeding at  
16 least once every five years to establish goals for each affected electric utility,  
17 as defined by Section 366.82(1)(a), F.S. The Commission will set annual  
18 Residential kilowatt (KW) and kilowatt-hour (KWH) goals and annual  
19 Commercial/Industrial KW and KWH goals over a ten-year period." Therefore,  
20 the DSM Goals docket proceedings is an appropriate proceeding to propose  
21 the credits, as they need to be used for establishing the cost effectiveness of  
22 programs and the cost to achieve the goals.

1

2 **Q. Do you agree with Florida Rising and LULAC Witness Marcelin’s**  
3 **testimony recommending that Company should double its goals for the**  
4 **Low-Income Weatherization Program and increase its Neighborhood**  
5 **Energy Saver Program goal by 25%?**

6 A. No, I do not agree with the recommendations. While DEF believes that it is  
7 important to ensure that it has meaningful programs available to low-income  
8 customers that it serves as a component of its overall recommended DSM  
9 goals, it is neither required to nor proposing to establish specific goals for low-  
10 income customers. More importantly, Witness Marcelin provides no specific  
11 analysis, basis, or an evaluation of feasibility of the proposed increases in  
12 Company’s Recommended goals associated with the arbitrary proposed  
13 increases. For example, since the structure of the Low-Income Weatherization  
14 Program relies on coordination with the work of the local community action  
15 agencies, it would not be appropriate to blindly assume that the Company can  
16 simply double the energy and capacity savings associated with participants in  
17 the program. The Company will continue to explore ways to meet and exceed  
18 the energy and capacity savings from low-income customers that were included  
19 in the Company’s Recommended Goals, but does not believe that adopting  
20 Witness Marcelin’s recommendations is appropriate.

21

22 **IV. Conclusion**

1 **Q. What is your conclusion?**

2 A. DEF's Recommended goals that were presented to the Commission are cost  
3 effective and beneficial to the general body of customers. The  
4 recommendations of Witness Pollock and Witness Georgis cannot simply be  
5 applied to the demand response programs and associated credits (IS, CS and  
6 SG) used to determine the MW savings included in the Company's proposed  
7 goals. Applying their recommendations would undermine the alignment of the  
8 point in time basis for all data used in the modeling to determine goals and  
9 would require a complete redo of the established goal setting process. The  
10 likely impact of adopting their recommendations across the entire portfolio of  
11 programs considered in determining the goals would be a significant increase  
12 in goals and a higher ECCR rates and monthly bills for all customers, including  
13 low-income customers, over the 10-year goal setting period. It would also be  
14 problematic for the Commission to alter the Company's recommended goals  
15 based on the arbitrary and unsubstantiated programmatic recommendations  
16 put forth by Florida Rising and LULAC's relative to its Low-Income  
17 Weatherization Program and Neighborhood Energy Saver Program. DEF's  
18 recommended DSM goals were developed consistent with FEECA Statute,  
19 Commission rules, the Order Establishing Procedure in this Docket and  
20 reasonable assumptions and should be approved as requested.

21

22 **Q. Does this conclude your testimony?**

1 A. Yes, this concludes my testimony.